

AMC AND THE AAE PARTNER TO IMPLEMENT PERFORMANCE-BASED LOGISTICS

Michael D. Connor

Introduction

The Army Materiel Command's (AMC) traditional role is to provide just about everything the warfighter needs to survive in battle and other operations around the world. The phrase "if a soldier shoots it, drives it, flies it, or eats it, AMC provides it," permeates the hallways of HQ AMC and its Major Subordinate Commands (MSCs). From AMC's establishment in 1962 until last year's completion of the realignment of Army program executive officers (PEOs) and program managers (PMs) under the Assistant Secretary of the Army for Acquisition, Logistics and Technology (ASAALT)/Army Acquisition Executive (AAE), AMC staff has decreased in size while maintaining its core missions of sustaining and supporting the Army.

AMC went through turbulent times in the mid-1990s as the Army downsized, but remained relatively robust across commodity and some functional lines. In the 21st century, Army transformation and other initiatives under DOD's Future Logistics Enterprise dictate that AMC solidify its role in the transforming Army and change to better support its ultimate customer—the warfighter.

There is no greater challenge than adapting to a new way of planning, overseeing, and executing logistics—that is what performance-based logistics (PBL) requires. Since last year's memoranda from the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)) and the ASAALT directing the implementation of PBL, stakeholders have surfaced

many immediate and far-reaching challenges and barriers to successful PBL implementation. Those that directly and jointly impact the AAE and AMC include proliferation of support strategies and structures; performance-based agreement (PBA) oversight, management, and reporting framework; funding constraints; data collection and evaluation; and core capabilities and infrastructure impacts.

AMC and its MSCs still provide programmatic advice and assistance to PMs. The major challenge to the AAE and AMC, however, remains how to integrate the required "vertical" support to the PEOs and PMs and their weapon systems with the common or "horizontal" support AMC traditionally provides the Army—those support arrangements that stretch across weapon systems and commodities. This is graphically portrayed in Figure 1. The Army Chief of Staff's focus on the three logistics enablers of enhanced deployment, reduced combat support and combat service support footprint, and reduced logistics costs, demonstrates that the main objective of the AAE and AMC remains effective support to the warfighter. To accomplish this, many value-added initiatives are well underway at AMC.

Value-Added Initiatives

Last fall, AMC established a PBL Integrated Process Team (IPT) to include the MSCs and other subordinate agencies as well as ASAALT. The IPT immediately began finalizing its charter after AMC Commander GEN Paul J. Kern approved an initial frame-

work for implementing PBL within AMC and signed an Implementation Memorandum. The IPT's overarching mission remains to influence Army PBL implementation and develop AMC guidance and procedures along with institutionalizing them. Specifically, the IPT continues to develop and refine strategies for implementing PBL within AMC and managing PBAs. This includes the following mission-essential tasks:

- Identify AMC goals and objectives.
- Develop an AMC position on PBL implementation within AMC and the Army.
- Develop an internal structure to manage PBAs.
- Develop and provide guidance to the command.
- Develop a plan to market AMC's capabilities and value-added initiatives.

AMC plans an integrated logistics enterprise approach to support PBL implementation within the Army. This approach integrates economic and business processes for PEO, PM, and sustainment communities and emphasizes the use of partnerships. This approach also leverages the expertise of MSCs, structures required matrix support, and exploits AMC's newly established Research, Development and Engineering Command (RDECOM) along with other subordinate organizations and agencies. It also ensures that PBL initiatives are in concert with lean thinking, logistics transformation and, in the end, adds value to providing



Figure 1.

required support to the warfighter. As such, AMC is developing integrated, economically and operationally feasible PBL strategies from a total Army perspective in concert with the AAE. It will continue to provide matrix support to assist PMs in developing viable PBL strategies compliant with Army-specified boundaries, considerations, and decision criteria such as:

- Existing statutes, regulations, and Army warfighting doctrine.
- Seamless integration into financial and logistics business systems while maintaining total asset visibility, using distribution hubs and Standard Army Management Information Systems and remaining transparent to the user.
- Consideration of the sunk costs of maintaining organic logistics infrastructure that cannot be downsized or disposed of without enabling legislation.
- Independent validation of business-case analysis.

AMC intends to remain an active participant in the coordination of concepts, doctrines, and policy initiatives in implementing PBL within the Army. AMC considers PBL an initiative that both energizes and synchronizes internal and external logistics communities of excellence for the betterment of the Army. PEOs and PMs are responsible

for the total life-cycle systems management of their programs. AMC retains a vital role in supporting the PEOs and PMs while ensuring that organic logistics systems and the sustaining base remain robust and flexible enough to be competitive and viable. Other value-added capabilities that AMC provides PEOs, PMs, and warfighters include the following:

- In-house contracting expertise.
- Institutional knowledge.
- RDECOM capabilities.
- In-house industrial facilities.
- U.S. Army Logistics Support Activity database capability.
- Experienced field service support expertise (e.g., logistics support element).
- Life-cycle management experience.
- Commodity management experience.
- Equipment distribution and delivery.
- Spares management.

Implementation

How does AMC plan to task organize for PBL while remembering that integration of “lean and mean” logistics enterprises remains the key objective? There are three major PBL domains that require AMC’s participation—planning, oversight and approval, and execution. Each is addressed below.

Planning

AMC provides matrix support to the AAE’s PEOs and PMs under PBL. The key difference under PBL implementation, however, will be more focused and integrated participation on IPTs at the integration IPT (IIPT), supportability IPT (SIPT), or working IPT (WIPT) level. Actions taken by AMC and AAE IIPT members at the beginning of the PBL process would include requirements development, cost estimation, alternative evaluations, logistics management, cost-performance trade-offs, and PBL strategy development. Members shall also assist the PM in development of the WIPT structure. AMC representatives, most likely from the MSCs, will sit on the SIPT where one key action will be to provide PBA development assistance. Along with any other roles and responsibilities as directed by the PM and as outlined in DOD’s IPT Guide, an objective of all IPTs is to elevate issues to a higher level in a timely manner. This is where and how AMC Headquarters will participate in the oversight and approval process.

Oversight And Approval

Participation in the PBL and PBA oversight and approval process inherently involves looking at regulatory, statutory, and resource implications for AMC and the Army in general. Figure 2 shows the Army’s PBA staffing and

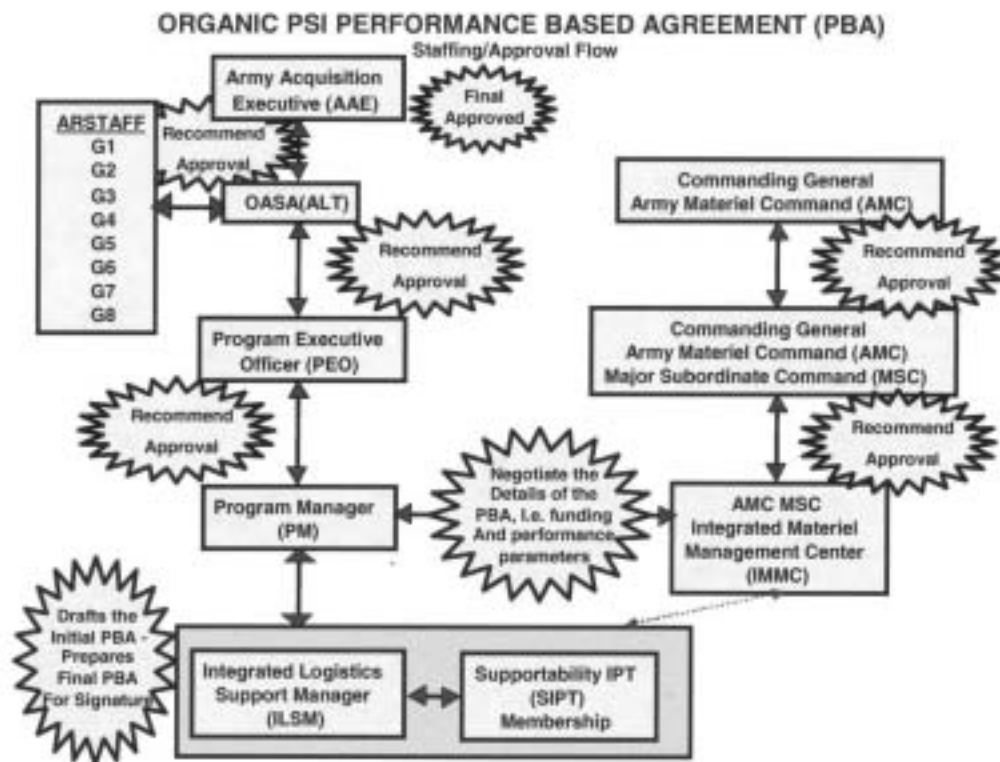


Figure 2.

approval flow for an organic organization serving as the product support integrator (PSI). Key ancillary involvement by HQ AMC or its MSCs includes validating the economic and business-case analysis required before promulgating any PBA between the PM and a PSI or product support provider (PSP). It also includes eventually being a PBA signatory along with the PM. But what about the key tenets of PBL that were envisioned when implementation was directed by the USD(AT&L) just over a year ago? The USD(AT&L) stated that, "as a minimum, product support management planning shall address integrated supply chains; segmented support by system or subsystem; maintaining a relationship with the warfighter based on system readiness; selection of best value, long-term product support providers based on competition, measuring support performance based on high-level metrics ..." How do AMC and the AAE plan to work together to execute those tenets?

Execution

AMC, through its MSCs, plans to market itself as the PSI or PSP of choice depending on the weapon system and different cost-benefit analyses. The

major focus of the AMC PBL IPT is to provide and refine PBL guidance and policies concerning AMC participation in PBL product support as PSIs and PSPs. MSCs, with the assistance of HQ AMC and ASAALT, will continue to resolve those barriers to total PBL implementation during the life cycle of a weapon system as identified throughout the acquisition and sustainment communities. The MSCs have identified early on that they need guidance in many areas to successfully complete and accomplish their role as the PSI or the PSP. Some of their requirements include the following:

- Ground rules (for engaging PEOs and PMs and competing with other MSCs).
- Multilevel metrics (from existing metrics).
- Tracking mechanism(s).
- Marketing.
- Problem resolution.
- Training and contracting.
- Reporting and monitoring.

Conclusion

As the AAE and his PEOs and PMs find it necessary to transition to PBL practices completely, and as more per-

tinent feedback and guidance make their way back to HQ AMC and MSCs, AMC will organize and apply best-business practices throughout the command to include integrated logistics enterprise principles. This, done in concert with maintaining constant and two-way dialog with the ASAALT/AAE along with the myriad of subordinate AMC organizations, will move AMC forward and embrace PBL and its implementation with lean and mean vigor.

MICHAEL D. CONNOR is a Senior Logistics Analyst with Military Professional Resources Inc., working in support of the Concepts and Requirements Analysis Division of AMC G-3 for Future Operations. He holds a B.S. in mechanical engineering from the U.S. Military Academy and an M.S. in business administration from Boston University.
